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The Performing Arts Value Chain
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MANAGEMENT AND ORGANIZATIONS

The Performing Arts Value Chain

Stephen Preece

Introduction

Arts managers in the not-for-profit sector face a diverse set of intensive challenges. These include raising money from such varied parties as corporations, governments, individuals and foundations; effectively managing administrative staff; nurturing artistic vision; motivating board members; shepherding volunteers; marketing performances; negotiating technical constraints; and, of course, keeping audiences delighted, night after night, with each live performance. It's a wonder such organizations manage to exist, let alone thrive, given this never-ending set of disparate challenges. Finding ways to facilitate the appropriate management of such challenges is essential if we are to sustain and grow the arts in our communities.

One option for arts managers to consider, as a means of meeting their objectives, is outside partnerships (Scheff and Kotler, 1996). While collaborative ventures show promise for addressing challenges in this sector, such relationships have often proven to be an unstable organizational form (Das and Teng, 2000; Gulati, Khanna and Nohria, 1994); as well, some have questioned the actual value that can accrue to arts organizations specifically (Freedman, 1986). Disciplined thinking is needed when considering the possibility for partnerships that genuinely help – rather than hinder – performing arts organizations.

The purpose of this paper is to introduce a decision-making tool, the performing arts value chain (PAVC),[1] which focuses on the generic activities of the performing arts organization. Once the framework has been laid out, an illustration of its application will be presented using a complex organizational decision problem: under what circumstances should performing arts organizations enter unique partnerships with other organizations (e.g., government, education, business or not-for-profit, as well as other arts groups)? Case examples will be presented to illustrate the PAVC in action.

Before going any further, I should note that the concept of a value chain has been widely used by a number of organizational theorists, most notably Michael Porter (1985). The most prominent application has focused on for-profit manufacturing firms, though numerous specific adaptations have been made – for example, knowledge management (Jinxi and Jisheng, 2001), small and medium-sized enterprises (McLarty, 2003), and even online learning (Woudstra and Powell, 1989).

The Performing Arts Value Chain

To begin, we categorize the work of the performing arts organization (PAO) into two types of activities, primary and support

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(see Figure 1). Primary activities must occur in some form for any performing arts event to take place. Support activities either sustain or hold together primary activities. Finally, all activities (both primary and support) contribute to the overall viability of the PAO. The interconnectedness of the activities suggests a "chain" relationship, while the individual and combined effects of the primary and secondary activities ultimately contribute "value" to the overall organizational viability.

Primary Activities

The primary activities of any PAO include programming, personnel, promotion and production. Whether it is the work of an artistic director, conductor or choreographer, *programming* includes the selection and overall interpretation of artistic work. Due to the live nature of the performing arts, the core *personnel* – dancers, musicians, actors, singers – are the essential participants in the performance. Communicating a performing arts event to a potential audience and admitting the audience to the presentation space is defined as *promotion*. Finally, the physical requirements for rehearsal and performance are labelled *production*. These are the four building blocks of any performing arts event.

Without any one of the four primary activities, a performance cannot take place. Thus, the four activities function as essential links in a performing arts chain. The combination of each individual activity contributing to the overall viability of the organization (considered either independently or in conjunction with one of the other activities) is a value chain. Naturally, any given activity influences the others, thereby making it necessary to con-

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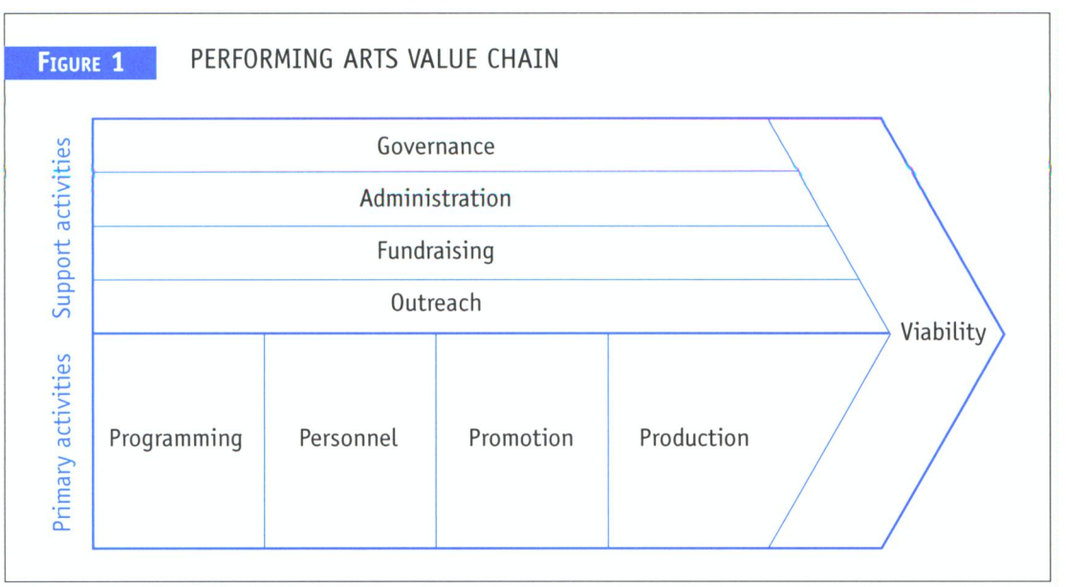
FIGURE 1 PERFORMING ARTS VALUE CHAIN



ABSTRACT

The performing arts value chain (PAVC) is introduced as a decision-making tool for performing arts organizations. Each activity within the arts group can be analysed for its impact on overall viability – the sustained value contributed towards fulfilling its mission. Two categories of activity are presented: primary (programming, personnel, promotion, production) – *activities that must exist in some form for any performing arts event to take place;* and support (governance, administration, fundraising, outreach) – *activities that support and/or hold together the primary activities*. All activities form an interdependent chain that ultimately impacts on artistic merit and contributes to community and organizational effectiveness. Case examples illustrate the use of the PAVC as a decision tool for the arts manager.

KEYWORDS

Strategy, collaboration, value chain, analysis, partnership, decision-making

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sider the organization as a whole. For example, the hiring of a new artistic director for an orchestra will impact on *programming,* given the particular interests of the conductor, while also likely influencing ticket sales one way or another (*promotion*). Also, the primary activities (and the rest of the PAVC, for that matter) do not necessarily take place in a prescribed chronology or sequence, but in many cases occur simultaneously. The concept of a chain extends from primary to support activities, to which we turn now.

Support Activities

Support activities sustain and/or hold together primary activities (see Figure 1). *Governance* includes the oversight of the organization, typically in the form of a board of directors. *Administration* represents the management of functions within the organization (i.e., human resources, accounting, finance, technology). *Fundraising* refers to all efforts to garner resources (other than box-office receipts) – government, foundation, corporate or individual – grants, donations, subsidies, payments-in-kind and so on. Finally, *outreach* includes efforts to build bridges with the communities where arts organizations perform or reside. The dotted lines in the diagram indicate that support activities may relate to a specific primary activity or to the organization as a whole. For example, human resources efforts could deal specifically with performers (*personnel*) or could be relevant to the organization as a whole (i.e., non-performing staff). The one exception in the dotted line is governance, which, by definition, is deemed to always be concerned with the organization as a whole.

To the degree that they relate to the primary activities and contribute to the overall viability of the organization, support activities are also considered important contributors to the value chain. Their contribution, or value, can be evaluated both individually and with respect to the other parts of the chain (either primary or support). All parts of the PAVC are considered in combination for their impact on overall viability.

How each activity is performed varies significantly from one PAO to the next; for example, individuals often assume multiple responsibilities, particularly in smaller arts groups. It is also assumed that PAOs have the choice of carrying out primary or support functions, either (a) within an organizational umbrella (hierarchy), (b) through a collaborative relationship (partnership), or (c) in an arm's-length transaction (market) (Powell, 1990). For example, when considering its need for a performance space, a dance company could: (1) own its own stage/theatre (hierarchy), (2) maintain an ongoing relationship with a particular theatre space (partnership),[2] or (3) find a different theatre every time a new performance is to be presented (market). With the exception of governance, every activity in the PAVC can take one of these three forms. While circumstances may essentially dictate patterns around many organizational decisions, it is assumed that hierarchy/partnership/market decisions often represent key strategic options for PAOs. We now turn to the final section of the PAVC, that of viability.

Viability

It is assumed that all PAOs wish to be viable (in a position to meet the objectives for which they

RÉSUMÉ

L'auteur présente la chaîne de valeur des arts de la scène (CVAS) comme un outil de prise de décisions pour les organisations de ce secteur. Chaque activité peut être analysée en termes de son impact sur la viabilité de l'entreprise, la valeur durable qu'elle contribue à l'accomplissement de la mission. Ces activités se divisent en deux catégories : les activités primaires (programmation, personnel, promotion et production) – activités qui doivent exister sous une forme ou une autre pour qu'un événement puisse avoir lieu sur scène; et les activités de soutien (gouvernance, administration, financement et promotion) – activités qui soutiennent et/ou maintiennent l'unité des activités primaires. Toutes les activités sont interdépendantes et forment une chaîne qui, en bout de ligne, influe sur la valeur artistique et contribue au rapprochement avec la communauté et à l'efficacité organisationnelle. Des exemples illustrent l'utilisation de la CVAS comme outil de décision pour le gestionnaire d'une organisation artistique.

MOTS CLÉS

Stratégie, collaboration, chaîne de valeur, analyse, partenariat, prise de décisions

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were created) and that how they conduct both their primary and their secondary value chain activities will have an impact on that viability. How to best measure success or performance in PAOs represents a challenge (Voss and Voss, 2000). DiMaggio (1987) suggests that not-for-profit arts organizations serve multiple purposes and may be judged on such measures as excellence, access, innovation and participation. With a wide range of potentially diverse benchmarks for performance, the success of an arts organization is most appropriately weighed with respect to its individual mission, as opposed to by means of a generic measure of success such as box-office revenues or audience size. Thus the term used in the model to capture the notion of "performance" is *viability*, defined as capability of "success or continuing effectiveness" (Soukhanov, 1992). This model suggests that each value chain activity should be evaluated for its overall impact on viability – either positive or negative.[3] The Criteria for Holistic Assessment of arts organizations developed by the Canadian Conference of the Arts[4] (Harvey, 1999) defines three PAO dimensions for this purpose: (1) artistic merit, (2) contribution to community, and (3) organizational effectiveness.

Artistic merit

The definition of artistic merit and quality has been a matter of debate for decades if not centuries (DiMaggio, 1987). The debate often pivots around the rationale for public support and/or not-for-profit status; it is assumed that certain arts organizations provide a public good that cannot be sustained on a for-profit basis (Schuster, 2002) and that evaluation is necessary to determine which organizations and artists merit this status. Numerous authors have addressed the question of what makes great art, with much of the debate taking place in the area of philosophy.[5] Most agree that performance-related artistic merit can include a wide range of factors: production values, performer virtuosity, creativity, authenticity and numerous others. Regardless of what is used as the measuring stick, any arts organization must grapple with the concept of artistic merit in order to maintain its own legitimacy and sense of relevance for both artist and audience.

A comprehensive discussion of what constitutes artistic merit is beyond the scope of this paper. It is a highly context-dependent concept involving a complex combination of medium-specific standards, peer review, media critique, public debate, audience impact and so on. Discerning whether an individual arts group can be said to have artistic merit relates directly to its mission, characteristics and goals. A contemporary dance company with a strong social mission, for example, will have significantly different metrics around artistic merit as compared to a national ballet. What is important in the context of the PAVC is that individual arts groups have a clear understanding of what constitutes artistic merit for their organization and articulate that vision to their stakeholders. Whether they measure up to those expectations is a matter for arts participants and observers to judge collectively.

Contribution to community

Contribution to community is defined as "the quality of the organization's interaction with the public, the engagement and participation of its community, the quality of the education, outreach and audience development actions

RESUMEN

Como herramienta para facilitar el proceso decisorio de las entes que obran en el área de las artes escénicas, se está introduciendo el concepto de cadena de valores de las artes escénicas [Performing Arts Value Chain (PAVC)]. *Este permite analizar cada actividad dentro del grupo artístico y evaluar su impacto sobre la viabilidad general, o sea lo que dicha actividad contribuye, en términos de valor sostenido, al cumplimiento de la misión. Las actividades se presentan en dos categorías: primaria (programación, efectivos, promoción y producción) - tratándose de* actividades necesarias, de una manera u otra, para que el evento de arte escénico pueda tener lugar; *y de apoyo (gobernancia, administración, recaudamiento de fondos, extensión)* – es decir, actividades que respaldan o crean junto con las primarias un todo. *Todas las actividades forman una cadena interdependiente que tiene efecto, en fin de cuentas, sobre el mérito artístico y contribuyen a la efectividad de la organización. Ejemplos de caso ilustran la utilización de la cadena de valores de las artes escénicas como herramienta de ayuda al administrador de éstas para la toma de decisiones*

PALABRAS CLAVE

Estrategia, colaboración, cadena de valor, análisis, asociación, proceso decisorio

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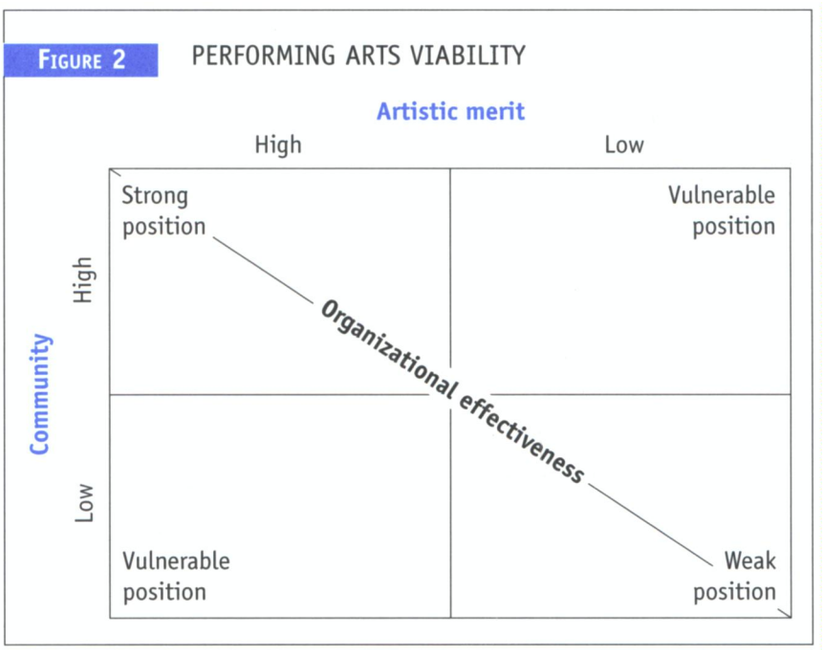
of the organization, and its responsiveness to the diversity and variety of its community" (Harvey, 1999, p. 45). Its rationale is based on the assumption that PAOs, with their status as either public or not-for-profit organizations, need to have an impact on people beyond the artists directly involved. As with artistic merit, whether a particular group or presentation successfully engages its community will depend on its mission. The goal of a national ballet, for example, might be to engage a broad audience who appreciate traditional forms of dance. Engaging this community may include education, incorporating a sense of history, gala events, star-studded receptions or behind-the-scenes technical exposure (backstage tours). A small contemporary dance company with a social mission is likely to be more interested in creativity, activism and surprise than in tradition. Its community exposure might include such elements as performances in a soup kitchen, outdoor protest art or other forms of social activism. Well-presented art may inspire, give pleasure and gratify; it may also provoke, enrage or protest. The overriding point is that art – appropriately shaped by an individual group's aims and goals – needs to *matter* to a particular community.

Within the contribution to community, it is important to clarify that, while outreach can be viewed as a somewhat separate functional activity (e.g., outreach in the PAVC), virtually *everything* an arts group does has an impact on its broader community connection. The art it chooses to present, the location and times of its performances, and ticket costs all have an impact on how the group relates and connects with its community.

Organizational effectiveness

Finally, organizational effectiveness is defined as "the ability of the organization to achieve its mandate, the quality of its management of its human resources (staff, artists, managers, board), its success in controlling expenses, generating non-government revenues and using its monies to best effect, its ability to anticipate, plan for and take positive actions to manage change successfully" (Harvey, 1999, p. 45). While organizational effectiveness seems to have more to do with administration than with art (a similar description could be used for almost any organization), it is actually very much intertwined with the other two. For example, the ability to garner appropriate resources for longer-term viability will often depend on how stakeholders view either artistic merit or community contribution, and frequently both. Of course the reverse argument can also be made: resources garnered through organizational effectiveness are needed for appropriate levels of artistic merit and/or community presence.

An examination of interrelationships between the viability dimensions of artistic merit, community and organizational effectiveness can be helpful (see Figure 2). As indicated in the 2x2 table, it is proposed that an organization can maintain one of four positions on the matrix. For example, an accomplished chamber-music group could, if there is little community connection, stage a very high-quality performance but fall flat on both attendance and support. Such a performance would occupy the lower left quadrant and be operationally vulnerable for drawing the necessary resources for ongoing ventures. An example of the upper right quadrant (low artistic merit, high community) would be a dance troupe formed of a cohort of students that is very popular amongst a group of peers but unable to extend beyond that group due to quality and resource constraints. The weakest position is the lower right quadrant, where the PAO demonstrates both low-community and low-quality elements. Such a group is unlikely



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to maintain viability except in the very short run.

The strongest position on the matrix is achieved through both a robust sense of artistic merit and a solid community connection. Maintaining such a position is a challenge, particularly as resource commitments often represent a difficult trade-off. For example, would an orchestra favour an artistic director with superior conducting skills but little sense of community, or an artistic director with unexceptional conducting skills but a very strong community orientation? Finding the appropriate balance between these attributes represents a challenge for performing arts groups.

Organizational effectiveness is portrayed as a diagonal line running from the lower right to the upper left corner. This is meant to communicate the symbiotic relationship between organizational effectiveness (e.g., access to resources or ability to control expenses) and the balance between artistic merit and community. An effective blend of artistic merit and community, along with strong organizational effectiveness, will lead to an appropriate ascent towards the strongest position, in the upper left corner. The reciprocal is also true: a decline in any of the three areas will ultimately move the organization downwards to the right, towards either vulnerability or weakness.

An example would be an opera company that takes an excessive financial risk to promote an obscure work, leaving it with a large deficit into the next year. The overall budget cuts made in order to plug the hole lead to reduced set and design expenditures, as well as diminished outreach activities. While the company may have made some gains in artistic merit by taking a bold risk, the long-term influence of reduced organizational effectiveness is a slide in both community and artistic merit. This is not to say that risks should be avoided (they may be imperative to the artistic merit mandate), but provisions need to be made to compensate for threats to organizational effectiveness.

Admittedly, some organizations maintain strong positions of community and artistic merit while also existing under significant debt levels over long periods. The broadest interpretation of organizational effectiveness goes well beyond the income statement or balance sheet and incorporates the skill necessary to juggle multiple competing demands. Also, the diagonal representation in the figure is meant to suggest a general relationship, not a directly linear or causal one.

To sum up, the PAVC is presented as an analysis tool, with a schematic of the entire performing arts organization, including both primary and support activities. The assertion is then made that decisions around any one of these activities can have an impact on the overall viability of the organization, including elements of artistic merit, contribution to community and organizational effectiveness. In order to illustrate an application of the PAVC, we now turn to a complex decision-making process, that of evaluating the merits of entering a strategic partnership.

Partnerships and the PAVC

Many PAOs look to partnerships to achieve better positioning and a better balance between artistic merit, community contribution and organizational effectiveness. Executed properly, partnerships can enhance strengths and reduce weaknesses, putting PAOs on a stronger footing (Reiss, 1989; Scheff and Kotler, 1996). Executed poorly, or for the wrong reasons, they can distract an arts group from its core vision and weaken the organization in the long run ("When Merchants Enter the Temple," 2001; Freedman, 1986).

The variety and number of potential performing arts partnerships are almost limitless, though appropriate opportunities for such collaboration are rare. Thus PAOs should carefully consider such relationships and the potential alternatives before committing valuable time and resources. Collaboration can be very difficult to achieve – success stories are trumpeted to the world while the (more frequent) failures tend to be swept under the carpet (Das and Teng, 2000). Considering the amount of time needed to ensure that such arrangements work (or to pick up the pieces when they do not), and considering the high risk for failure, some disciplined thinking is invaluable. The PAVC is described in this paper as a tool for evaluating the benefits and drawbacks of potential arts partnerships, though it is meant to help in

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the analysis of any major decision confronting performing arts organizations.

Three general steps are suggested for working with the PAVC in reaching a strategic decision (in this case, evaluating the merits of a potential partnership): (1) define what specific value chain activities will be involved, (2) consider linkages between value chain activities, and (3) define the impact of the partnership on viability. Each step will be discussed in turn.

Specific Value Chain Activities

As a map of the organization, the first step with the PAVC is to specifically define the activities, primary and support, that will be affected by the partnership. This framework helps to ensure a comprehensive appraisal of what will be included in the relationship, to clarify assumptions and to define the project. Without a clear understanding of each of these, collaborative ventures remain nebulous and therefore difficult to evaluate. In addition, a comprehensive look at the entire organization can generate ideas that might not have been otherwise considered.

Linkages

Linkages are the relationships between different activities within the value chain. For example, a proposal to share a new space (*production*) with another performing arts organization could require a dedicated joint capital campaign that would impact existing *fundraising*. The specific linkage between the two activities, in addition to each independent effect, would need to be considered. As with the prior example, linkages can be present between primary and support activities. Additionally, linkages can exist among primary activities or among support activities.

Impact on Viability

Finally, the partnership should be evaluated based on the impact on viability – artistic merit, community contribution and organizational effectiveness. In some cases trade-offs have to be considered and the ultimate value of the partnership will be judged based on the net improvement for the highest priority effect. The 2x2 matrix (Figure 2) can be helpful when an organization understands where its current position lies and where a potential partnership could lead it. For example, an organization that is high in community contribution but low in the quality of its productions may seek a partnership that is focused on boosting quality. Organizational effectiveness will necessarily be considered when taking into account the degree of resources necessary for such a partnership and how it would impact long-term financial positioning. We now turn to some examples of partnerships that illustrate the PAVC in action.

Partnership Examples

Orchestra/Museum Partnership[6]

One partnership involved a baroque orchestra (BO) and a natural history museum (NHM). From a *value chain* perspective (see Figure 3), the BO was looking to increase its *production* within five years, moving from a church venue where it had sustained a small but loyal and enthusiastic audience to a world-class concert hall with a much larger capacity and improved production values. Further, the BO was looking to reduce the quantity of its international travel (roughly half of its annual performances). It wished to expand its local audience; the key problem centred on *promotion*. With its own database of attendees, the BO had great success in generating donations and repeat subscriptions. However, it had no success in reaching the broader public. In order to expand its audience, the BO would have to entice people into the concert hall. In the words of the managing director, "You can send a million-trillion brochures out and not really reach anybody; it's much more effective to connect the art with the people."

With this in mind, a partnership was proposed to present two pilot test concerts in the NHM space. From a *production* perspective, the physical location of the NHM allowed the BO to widen its scope across town to a new geographic area, making it accessible to a new market with growth potential. From a *promotion* standpoint, the NHM advertised the concerts through its regular channels, including a feature article in its membership magazine

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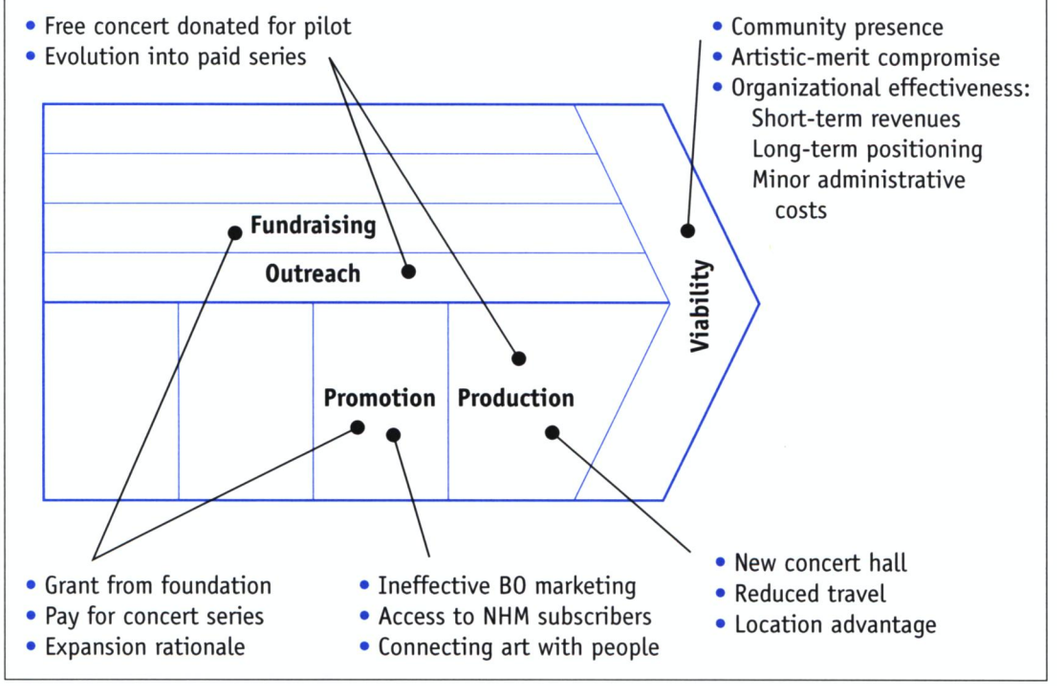
FIGURE 3 BAROQUE ORCHESTRA/NATURAL HISTORY MUSEUM PARTNERSHIP



with a subscriber rate of over 25,000. "Our objective was not only to do concerts for large audiences," said the BO manager, "but also to work with partners that...had a pre-existing communications infrastructure."

The hope of the NHM was to attract people to its space with a special offer: "Their objectives were to animate the space with live performance activities to attract people who had gone to the museum as children but figured they had seen the dinosaurs and didn't need to return as adults." While the NHM had maintained a wide reputation, many of its members were apathetic and needed coaxing to return.

The pilot concerts were highly successful. Approximately 3,400 people had exposure to the two initial performances (at no charge beyond their museum admission fee) while also availing themselves of the NHM offerings. Some people stopped to listen to the music in passing, while others took in the entire performance. Numerous brochures were passed out providing background to the BO and inviting people to upcoming performances. With this initial success, plans were made to expand the pilot into a series and present six similarly formatted concerts the following season.

From a cost perspective, neither partner had existing budgetary funds to cover the expenses of the production. For the pilot, the BO donated a concert (its musicians' agreement allowed for one free community concert per year), making it technically an *outreach* effort initially. To cover the proposed concert expenses (expanding the NHM into regular *production*), a foundation grant was sought, based on the case that this was strategically important in its audience-building efforts, involving linkages between *promotion*, *fundraising* and *production*.

Moving from the primary and support activities of the PAVC, we now consider the impact of the partnership on *viability*. In terms of *artistic merit*, the reputation of the BO is extremely good: it can boast an impressive list of high-profile awards for recordings, extensive invitations for prestigious international performances and a loyal audience base. Ironically, despite its loyal and highly sophisticated local following, the BO may be better known internationally than in its own city.

In a move to expand its local audience base for a new concert hall and reduced touring schedule, therefore, it was necessary for the BO to broaden its *community* presence and visibility. This partnership enabled it to do so: "We ended up reaching much more of the community than we did before...they would pay the

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entrance fee but no ticket fee, making it completely accessible. People can wander in and out, and if they're with their families they can stay for 15 minutes and go. Kids were dancing around the stage to some of the music. Our musicians were great in that they would stay after and explain what the harpsichord is all about. So it's a very friendly environment."

It should be noted that sacrifices to *artistic merit* were made in the process: "We had some challenges acoustically; because of the dinosaur exhibit some people could not hear the concert, so we've got some logistics to work out... We're playing in an uncontrolled environment where people are walking in and out. We have soft instruments by the nature of how they are built. Throughout time instruments were built with more and more tension, producing more volume. With large exhibits and a lot of noise from the rotunda it's provided a lot of challenges. And anything we do we want to do at a very high level and we were disappointed that we weren't able to provide the best experience for the audience. So we have to look into more technical solutions to make sure that people go in there and they're not frustrated that they can't hear."

It appears likely that the logistical problems with the acoustics will never be completely resolved. Nevertheless, given their position on the matrix (see Figure 2), a reasonable trade-off would be to sacrifice a little on acoustics (*artistic merit*) for the gain in *community*. It can also be expected that those who are exposed to the music see this as a starting point in their association with the BO, and seek it out in other, more acoustically, suitable venues.

From an *organizational effectiveness* perspective, the pilot test concerts had an unexpectedly positive immediate impact. Within a week there was a spike in ticket sales for the next regularly scheduled BO concert – Handel's *Water Music* – with people reporting that they had heard about the concert through their visit to the NHM (based on box-office inquiries). The pattern continued with successive concerts, and with this short-term success a positive long-term impact appears highly likely, enabling the orchestra to manage the upcoming changes to its production. From a resource perspective, therefore, it has been relatively painless, though not without the need for some administrative coordination in setting up the venue, booking the concert and applying for the special grant. The increased resources (short-term ticket sales, increased performance opportunities and longer-term market expansion) proportional to expenses can be considered a demonstration of effective management.

Theatre/Social Service/Corporate/ School Partnership[7]

The next partnership example is that of a theatre company, as part of its regular season, presenting a socially charged play based on the themes of hatred and racism. The production featured interaction between a young man described as a neo-Nazi accused of hate crimes and the Jewish lawyer assigned to defend him. Theatre management sought ways for the play to have a profound impact on the community. Discussions with a local social-service organization generated the idea of adapting an existing anger-management program for presentation to classes of high-school students, incorporating a viewing of the play as an integral part of the program.

The theatre company asked one of its corporate sponsors to provide additional funding for this educational program. With adequate support in place, a coordinated team (actors, counsellors and teachers) delivered the program to a highly receptive set of high-school students (because of oversubscription, the play's run had to be greatly extended), resulting in broad exposure across the city and beyond. Current plans are to build a socially relevant play into every fall season and to duplicate this process annually.

From a *value chain* perspective (see Figure 4), the partnership forms an important link between *outreach* and *programming*, in that the artistic director will keep a socially relevant theme in mind for play selection that will be appropriate for the student program. From a *fundraising* standpoint, the program provides an opportunity to deepen the relationship with the corporate sponsor, making the interaction more meaningful, substantive and multidimensional. At the time, the corporation was a regular play sponsor and had made substantial contributions to a capital campaign for a new theatre (roughly eight times its annual giving level). One concern had been that yet another

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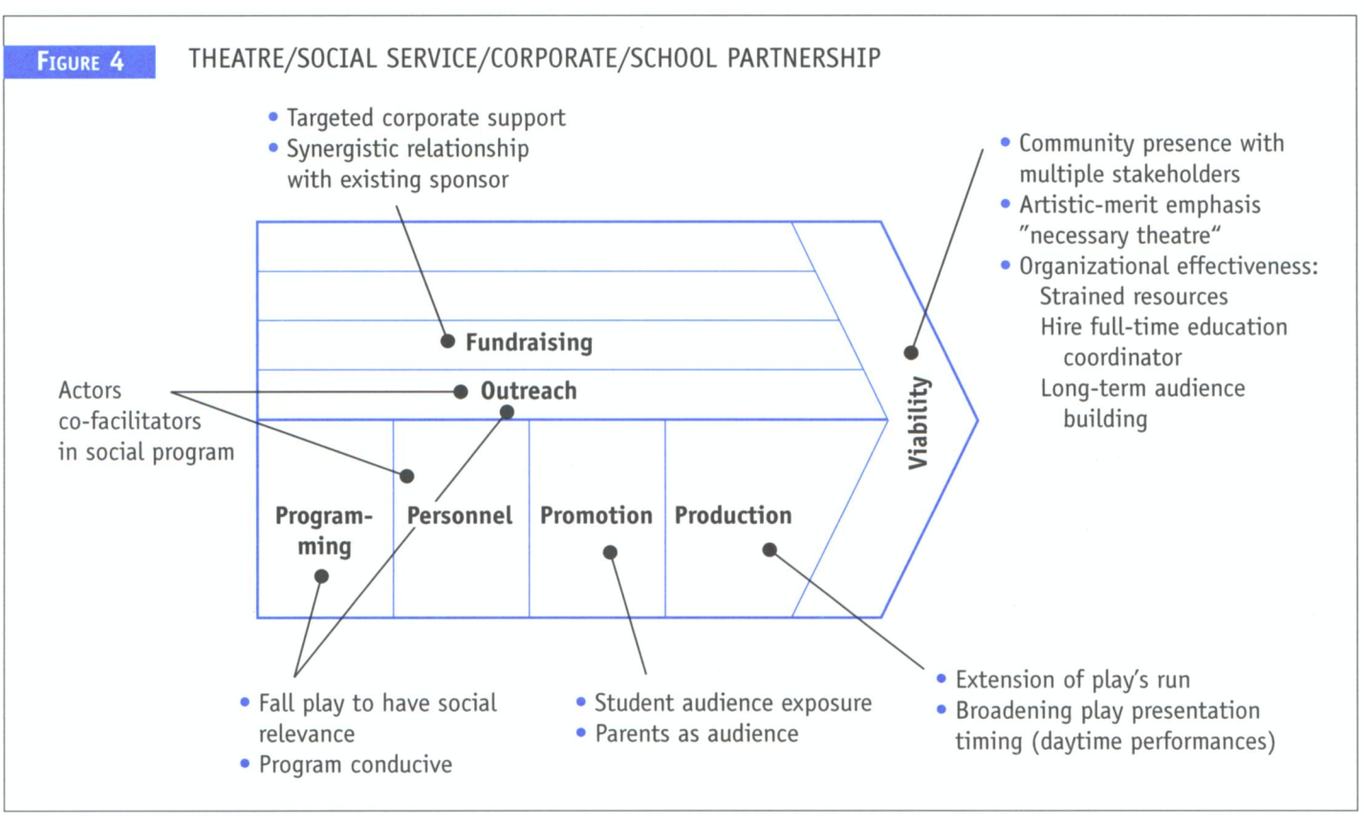
request for funds would stretch the relationship too far. In fact, the opposite happened: "They love supporting programs that make a difference in the community and they said this program was perfect, that it had all the elements of something that they could stand behind. So there was a synergy, I suppose, in supporting our capital gift, but this stood out on its own regardless of anything else they supported. They loved it and they want to do stuff like this in the future."

Another important PAVC linkage is that between *personnel* and *outreach*. With actors actually taking part in the delivery of social-service programming, their role as artists and social-program facilitators blurs. This new role produced some interesting outcomes. For example, "many of the processes around dealing with anger management are very similar to what actors have to go through in developing their roles as performers. So there was a great synergy between the two experiences – dealing with anger and 'becoming' a character."

In the area of *promotion*, a cross-section of students receives exposure to the art form and this specific theatre, with the potential for future audience development. Similarly, the parents of student participants are exposed to the work of the theatre. Media attention for the program would also certainly factor into this dimension. From a *production* perspective, the program-related performances substantially heighten the demand for the play, to accommodate the student audiences. This increased demand can be absorbed in non-peak hours, as student performances are presented during the day, which ultimately makes better use of designated theatre space.

In terms of *viability*, the contribution to *community* is substantial, with meaningful connections, including those with numerous stakeholders. While relevance to the community is particularly intense, there is also an impact on *artistic merit*. The company's slogan is "necessary theatre," and this particular program helps to fulfil the artistic merit goal of presenting plays that matter to people – the process of reaching out to the school-aged community embodies that artistic ethos. "Counsellors and teachers agree that multiculturalism, hatred and racism are all issues that students face every day, and so…they were so excited about approaching the subject…it just helped the students open up in a way they hadn't been able to do before."

FIGURE 4 THEATRE/SOCIAL SERVICE/CORPORATE/SCHOOL PARTNERSHIP



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Concerning *organizational effectiveness*, the program encountered some difficulty with regard to resource allocations. The coordinating, acting and facilitating responsibilities proved to be unwieldy for individual actors, taking a personal toll. Initial plans were to run six workshops with 80 students, but "as soon as the schools found out about the program we were just inundated with requests and we ended up doing 16 workshops, and almost 500 students and their teachers came to see the show and were involved in the program." Also, "we promised that we would report back to [the sponsor] as they had communicated that to be important to them, to see the results and to track the learning by the students...we worked hard for this gift." These efforts put a huge amount of stress on the organization's resources, particularly during the production of the play. The solution was to hire a dedicated education coordinator, thus bolstering the *outreach* segment of the value chain. It is anticipated that this organizational adjustment will enable this type of program to become institutionalized in the theatre, as defined in the PAVC.

Discussion

While managers can easily get swept up in the excitement of an idea such as a new partnership, the PAVC can lead to a disciplined reality check at the appropriate time in the decision process. Also, use of the PAVC in a regular strategic planning process can help to overlay a map for arts managers to use as a guide for decision points along the way. The 2x2 matrix for performing arts viability, for example, is a grid that is likely to remain in flux for any arts organization. Numerous incremental decisions regarding primary and support activities will impact on viability as the group evolves.

This raises another issue, that of time horizon. Some decisions have a small, immediate impact, while others have a greater, more long-term effect. A number of small, incremental decisions can accumulate over time to form patterns, traditions and strategic directions for the PAO. While big strategic decisions will likely call for a specific analysis component, it should be kept in mind that big-picture analytics help to shape even the smallest of decisions. Properly applied, the PAVC can serve both of these functions.

This paper has presented two in-depth discussions of successful partnerships interpreted through the value chain framework. We can also learn from failures, however. For example, one arts group received major funding from a financial services firm to present a number of high-quality, summertime symphonic performances in a barn. Despite the fact that the series was named for the company, the firm chose to not renew its funding after the first year (on a management whim rather than due to lack of success of the series). While the program was high on artistic merit, it had very little community connection, and when the primary funder pulled out it had to fold. At least some of this vulnerability could have been anticipated using the PAVC.

While the steps required in using the PAVC may take some time and effort, the pay-off can be more rational decisions. The strategic decision-making of arts managers and artists entails too much complexity for an individual to rely on instinct exclusively. It is hoped that the PAVC will contribute to the strategic planning tools available to arts managers. Our arts organizations are community resources that deserve the disciplined consideration this kind of framework imposes.

Conclusion

The PAVC is intended as a tool for considering the merits of important decisions facing performing arts organizations. This paper has used the example of partnership formation to illustrate application of the framework. In this instance, the PAVC is meant to encourage arts managers to consider the entire range of PAO activities – primary and support – that are relevant to the partnership. The process essentially dissects the organization into its component parts and then reconnects them in a chain of interdependent activities. Linkages can then be considered for potential overlap and intersection between the activities. Finally, the impact of activities on viability must be considered, including relevance to

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artistic merit, contribution to community and overall organizational effectiveness.

The hope is that the PAVC will become a decision-making analysis tool to help arts managers confront complex alternatives in a reasoned way. Naturally, judgement, experience, intuition and instinct play an important role in any decision. However, these elements can arguably benefit from the direction, discipline and structure offered by this framework. It should be further noted that this framework deals only with the analysis elements of partnership; issues such as trust, learning, compromise and shared management are all critical elements that will be reserved for other partnership research. Many other factors beyond the scope of this paper can also affect the success of a PAO (e.g., market conditions, organizational culture). Nevertheless, the PAVC could form a solid foundation for improved PAO decision-making.

This paper has used partnerships as illustrations of the PAVC. Virtually any sufficiently complex strategic decision would warrant the same kind of conceptual analysis. Such tasks as selecting a new artistic director, acquiring a new venue, developing a brand or outsourcing specific activities all require the kind of analysis the PAVC could generate. A further use could be a basic value chain analysis as part of the ongoing strategic planning process for the PAO.

Notes

1. Adapted from the Value Chain in Business Strategy (Porter, 1985).

2. This kind of partnership might include such elements as priority scheduling, common promotional efforts, ticket sales and shared administration.

3. Note that in the original Value Chain model (Porter, 1985) profit margins are inserted in place of viability as the "bottom line" evaluation of the primary and support activities of the for-profit business firm.

4. The Criteria for Holistic Assessment involved extensive consultation with artists, arts managers and arts administrators.

5. Holbrook and Zirlin (1985) examine the building blocks of aesthetic appreciation and suggest that "profound experience" is more likely to be the goal within the not-for-profit arts world, as opposed to the "hedonic pleasure" within popular culture (more typically for-profit).

6. The information in this section, including the quoted material, is taken from interviews conducted in 2002 by K.P. Unrau under the supervision of the author.

7. The quoted material in this section is taken from the author's own unpublished interview data (2001).

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